Examples of Rescission

The following examples above are the result of a change in law and will be applied to any transaction entered on or after January 1, 2011 even if the transaction effective date is prior to January 1, 2011.

When an employee's insurance eligibility changes from eligible to ineligible, the change can only occur in the month in which the change is entered or later. Some examples follow:

Example 1: Wilma's scheduled work hours changed from 30 per week to 16 per week effective February 15, and a job row was entered February 20. Her organization enters the work hour change row in February without realizing Wilma is no longer eligible for insurance coverage. Her Special Eligibility Code remained unchanged (as it was as a 30 hours per week employee), and Wilma continues to be eligible for insurance coverage. On April 15, the organization realizes that it failed to change the Special Eligibility code on the February 15 row. **Due to the new law, a Data Change/BJC row needs to be added to Wilma's job record to change the Special Eligibility code. This will be entered as a separate transaction. The change in eligibility (level of employer contribution) will be effective with the April entry.   Do NOT correct the Special Eligibility code on the February 15 row.** The employee and the employer are responsible for the payment of premiums for February, March and April.

Example 2: On May 3, Hugh's scheduled work hours changed from 35 hours per week to 16 hours per week.   His organization enters the work hour change on June 22, with a May 3 effective date. Hugh's organization recognizes immediately that the Special Eligibility code must be changed. Although Hugh is no longer eligible for insurance coverage, the change in coverage will not take effect until June, the month in which the transaction was entered. In this situation, the May 3 transaction must remain with the Special Eligibility code remaining as it was as a 35 hours per week employee. A separate job row must be added effective June 22 as a Data Change/BJC row, with the change in the Special Eligibility entered on this row. The employee and the employer are responsible for the payment of premiums for May and June.

Example 3: Amanda's scheduled work hours change from 30 hours per week to 16 hours per week on August 5. Her organization enters the work hour change on August 10 and also changes the Special Eligibility code making Amanda ineligible for insurance coverage at the same time. **Only one transaction is required because** the entry of the transaction and the effective date of the change occurs in the same month. In this case, Amanda's insurance coverage would end in August. The employee and the employer are responsible for the payment of August premiums only.

This change in law does not apply to changes in levels of employer contributions such as changing insurance eligibility from full employer contributions to partial employer contributions. Any change which allows the employee the opportunity to continue coverage can be entered with an earlier effective date.

Retroactive cancellation of coverage is permitted in instances of separation, leaves of absence, layoffs or retirement. Use the actual effective date of the event even if it is entered retroactively.

Contact SEGIP – 651-355-0100 with any questions.